

Message Text

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42

ACTION EUR-25

INFO OCT-01 ISO-00 PM-07 SSO-00 L-03 OMB-01 TRSE-00 SCI-06

EB-11 COME-00 AEC-11 AECE-00 ACDA-19 CIAE-00 INR-11

IO-14 NSAE-00 NSC-07 RSC-01 FEAE-00 XMB-07 DRC-01

EURE-00 INRE-00 STR-08 CIEP-03 /136 W
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O R 261545Z JUL 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC IMMEDIATE 0108

INFO AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 3720

E.O. 11652: N/A

TAGS: ENRG, PFOR, YO

SUBJ: KRSKO NUCLEAR POWER PROJECT: REQUEST FOR EXTENSION OF
TIME ON GUARANTEE OF EXPENDITURES

1. ASSISTANT FOREIGN TRADE SECRETARY ZIBERNA HAS ASKED FOR
EMBASSY AND WASHINGTON ASSISTANCE ON FOLLOWING REQUEST RECEIVED
BY FOREIGN TRADE SECRETARY LUDVIGER FROM THE GOVERNMENTS OF
THE REPUBLICS OF CROATIA AND SLOVENIA. REQUEST PERTAINS TO
SECTION 3 OF LETTER OF INTENT SIGNED BY WESTINGHOUSE AND KRSKO PROJECT

DIRECTORS ON NOVEMBER 28, 1973. SECTION 3 DEALS WITH GUARANTEE OF
EXPENDITURES INCURRED BY WESTINGHOUSE.

2. QUOTE: SERIOUS DIFFICULTIES ARE OCCURRING IN THE REALIZATION
OF THE ATOMIC-POWER STATION KRSKO. PARA. WE BEG YOU TO INTERVEN
THROUGH THE AMERICAN AMBASSADOR IN ORDER TO PREVENT UNDESIRE
CONSEQUENCES, PARA. THE AGREEMENT WITH THE EXIM BANK ON
FINANCING THE AMERICAN EQUIPMENT WAS SIGNED YESTERDAY, AND THE
AGREEMENT WITH OTHER CREDIT SUPPLIERS WILL BE SIGNED ON
AUGUST 9, 1974. THE AGREEMENT BETWEEN THE INVESTOR AND WESTINGHOUSE,
HOWEVER, HAS NOT BEEN SIGNED BECAUSE OF SOME QUESTIONS ON WHICH
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THERE IS STILL NO COORDINATION OF VIEWS. IT WAS ENVISAGED FOR

THIS AGREEMENT TO BE SIGNED BY JULY 26 OF THIS YEAR. PARA.
MEANWHILE, WE ARE TAKING THE NECESSARY STEPS IN ORDER TO RESOLVE
THE DIFFERENCES AND TO HAVE THE AGREEMENT SIGNED IN
THE SOURCE OF AUGUST OF THIS YEAR. PARA. DUE TO THE FACT THAT
THE AGREEMENT STILL HAS NOT BEEN SIGNED WESTINGHOUSE IS
INSTRUCTING THE BANK TO COLLECT \$4,500,000 ON THE BASIS OF THE
EXISTING GUARANTEE. WE ARE DOING WHAT IS NECESSARY FOR THE
GUARANTEE TO BE PROLONGED AND INCREASED, FOR WHICH UNDERSTANDING
ON THE PART OF WESTINGHOUSE IS NEEDED. PARA. WE ASK FOR
INTERVENTION FOR THE EXISTING GUARANTEE NOT TO BE COLLECTED
UNTIL AUGUST 12 BY WHICH TIME WE FEEL THAT --WITH UNDERSTANDING
ON THE PART OF WESTINGHOUSE--A NEW GUARANTEE WILL BE ACCEPTED. PARA.
FAILURE TO ACCEPT OUR ABOVE EXPLANATION MIGHT PLACE THE LJUBLJANA
BANK, LJUBLJANA, AND THE ASSOCIATED BANK OF ZAGREB INTO A
DIFFICULT SITUATION AND MAKE THE REALIZATION OF THE PROJECT EVEN
MORE DIFFICULT. PARA. SIGNED: EXECUTIVE CHAMBER OF THE
ASSEMBLY OF THE SR CROATIA, EXECUTIVE CHAMBER OF THE ASSEMBLY OF
THE SR SLOVENIA. END QUOTE

3. ACTION REQUESTED: IN LIGHT OF EXPECTATIONS FOR EARLY
SETTLEMENT OF ALL REMAINING FINANCIAL AND COMMERCIAL PROBLEMS,
AND FOR EARLY SIGNING OF CONTRACT, PLEASE EXPLORE WITH WEST-
INGHOUSE POSSIBILITIES OF EXTENSION OF GUARANTEE DATE, AS
REQUESTED BY CROATIAN AND SLOVENIAN AUTHORITIES.
MILLER

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Message Attributes

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